

Insurance and Financial Services

PUBLIC 41 **An Act To Clarify the Superintendent of Insurance's Authority To Assess Civil Penalties** **LD 409**

<u>Sponsor(s)</u> MILLS P	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-22
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Public Law 2005, chapter 41 amends the Maine Revised Statutes, Title 24-A, section 12-A to delete the provision requiring the Superintendent of Insurance to give the Attorney General 90 days to elect to pursue a disciplinary action in Superior Court before the superintendent may proceed with an administrative action in the matter. The law clarifies that the Superintendent of Insurance may not assess a civil penalty if the Attorney General elects to pursue an action in Superior Court for the same conduct.

PUBLIC 42 **An Act Limiting Recovery of Disability Benefits Subject to Offsets** **LD 408**

<u>Sponsor(s)</u> PERRY J	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-23
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Public Law 2005, chapter 42 limits the rate at which an insurer's overpayment of disability income benefits may be recovered by the insurer through offsets against current payments to the insured to 20%. The law also clarifies that the requirements for disclosure to insureds relate only to disability income policies that were applied for after September 13, 2003.

PUBLIC 43 **An Act To Enhance Uniformity of Insurance Producer Licensing** **LD 376**

<u>Sponsor(s)</u> FISCHER	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-45
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Public Law 2005, chapter 43 eliminates the biennial continuation fee for producers with independent producer authority, as such licensees are the only producers still subject to such a fee. It also eliminates the limited "annuities contracts" license. Finally, it authorizes the superintendent to establish by rule the number, not to exceed 30, of continuing education credit hours required of resident producer and consultant licensees under the Maine Insurance Code.

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PUBLIC 46 An Act To Prohibit Certain Uses of a Financial Institution's Name

LD 464

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO	OTP-AM MAJ	S-24
PERRY A	ONTP MIN	

Public Law 2005, chapter 46 prohibits a person from using the name of a financial institution in the solicitation of insurance without the express written permission of that financial institution unless the person discloses that permission has not been granted and that there is no affiliation with that financial institution.

PUBLIC 49 An Act To Amend the Insurance Code Regarding Discontinuance of a Line of Business

LD 238

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A	OTP-AM	H-44

Public Law 2005, chapter 49 amends the provisions relating to a discontinuance of a line of business to allow the Superintendent of Insurance to authorize an insurer to nonrenew a line of business if the insurer demonstrates the availability of substantially similar coverage in the admitted market from other insurers.

PUBLIC 50 An Act To Establish a Minimum Amount for Required Interest Payments by Insurers

LD 237

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A	OTP-AM	H-43

Public Law 2005, chapter 50 requires the Superintendent of Insurance to adopt rules to establish a minimum amount of interest payable to health care providers on an overdue undisputed claim before interest payments must be sent pursuant to the Maine Revised Statutes, Title 24-A, section 2436.

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PUBLIC 55 An Act To Clarify the Applicability of the Maine Consumer Credit Code to Affordable Housing Organizations LD 338

<u>Sponsor(s)</u> MAYO RICHARDSON J	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-65
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Public Law 2005, chapter 55 clarifies that the Maine Consumer Credit Code does not apply to no-interest credit sales by a nonprofit organization that assists in building and renovating housing for those in need, except for the truth-in-lending provisions of Article 8 and certain administration provisions of Article 6.

PUBLIC 58 An Act To Save the Health Care System Money by Ensuring Timely Denials of Claims LD 600

<u>Sponsor(s)</u> GLYNN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-102
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Public Law 2005, chapter 58 clarifies that, in cases where coverage may be available from more than one health insurance carrier, a claimant may file a claim with each carrier at the same time. It also clarifies that each carrier must make an independent determination as to payment or denial of the claim without delaying that determination until the other carrier has acted. The law also requires that any payments made by a carrier must be made in accordance with current rules relating to coordination of benefits.

PUBLIC 65 An Act To Adopt the Maine Uniform Securities Act LD 509

<u>Sponsor(s)</u> PERRY A	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-103
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Public Law 2005, chapter 65 enacts the Maine Uniform Securities Act based on the Uniform Securities Act drafted by the National Conference of Commissioners on Uniform State Laws. The law updates and revises the current Revised Maine Securities Act. The law becomes effective December 31, 2005.

The law provides the framework for the regulation of the sale of securities in this State and retains the licensing requirements for securities entities and professionals. The law also requires that issuers of securities products register those products unless certain conditions are met. Exempt transactions include those securities issued by any issuer up to 10 purchasers, those securities issued by a Maine-based issuer to up to 25 purchasers, and nonpublic offerings.

The law retains the requirement that viatical and life settlement contracts must be treated as securities when sold as an investment and requires that issuers offering or selling viatical and life settlement contracts as investments register with state regulators.

The law increases the maximum administrative fine for securities violations from \$1500 to \$5000.

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The law also authorizes the Superintendent of Insurance to conduct rulemaking regarding the suitability of sales of variable annuity products.

PUBLIC 82 An Act To Make Changes to the Banking Laws

LD 587

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM	S-78

Public Law 2005, chapter 82 makes several changes to the banking laws in the Maine Revised Statutes, Title 9-B.

1. The law amends the definitions of "savings account" and "service corporation" and replaces the terms "capital stock" and "preferred stock" with the term "equity interest."
2. The law clarifies that the Superintendent of Financial Institutions may restrict withdrawal of funds to protect investors.
3. The law clarifies that both initial and subsequent capital contributions to organize a financial institution must be in the form of cash, unless otherwise approved by the Superintendent of Financial Institutions.
4. The law enacts language authorizing the Superintendent of Financial Institutions to issue a certificate as evidence of conversion from a federally-chartered savings bank to a state chartered financial institution.
5. The law changes the current notification procedure for issuance of new bank capital to an approval process.
6. The law clarifies that a credit union may organize or invest in a service corporation regardless of its business structure so long as it is structured to limit the credit union's exposure to loss.
7. The law clarifies the law governing the use of the restricted term "credit union," bringing the law into conformance with the provisions governing use of other restricted terms: "bank," "savings" and "trust."
8. The law incorporates a provision that requires only those Maine financial institution holding companies that do not have to file notice with the United States Securities and Exchange Commission to first receive approval of the superintendent before issuance of equity interest or capital notes.
9. The law clarifies the authority of the superintendent to examine a holding company of a nondepository trust company or merchant bank, including its subsidiaries and affiliates.

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**PUBLIC 83
EMERGENCY**

**An Act To Enhance the Supervisory Powers of the Department of
Professional and Financial Regulation, Bureau of Financial
Institutions**

LD 949

Sponsor(s)
MILLS P

Committee Report
OTP-AM

Amendments Adopted
S-79

Public Law 2005, chapter 83 makes the following changes to the banking laws.

1. It clarifies certain provisions and provides additional regulatory powers essential to effective regulation of Maine chartered banks and credit unions.
2. It clarifies the definition of deposit production offices and amends the statutory prohibition for the operation of deposit production offices to more closely align it to federal law.
3. It establishes procedures for the appointment of a conservator in the event that a financial institution is operating in an unsafe or unsound or other potentially hazardous condition and needs to reorganize or be put into a sound condition. Conservation is a step that can be taken, specifically in the case of limited purpose financial institutions whose accounts are not insured by a federal insurance agency, before liquidation is ordered by the Superintendent of Financial Institutions.
4. It clarifies the superintendent's authority to order an institution closed and the appointment of a receiver and sets forth additional authority and limitation from liability in conservation or liquidation.
5. It establishes a notification procedure that must be followed if a state-chartered financial institution makes a fundamental change in asset composition.
6. It establishes an asset pledge requirement that the superintendent may enforce in a nondepository trust company, merchant bank or uninsured bank as necessary for the protection of the public.
7. It clarifies existing authority of the superintendent to remove an officer or director from office or prohibit further participation by the officer or director in the conduct of the affairs of a financial institution or a financial institution holding company when similar action has been taken by the appropriate federal banking agency or when an officer or director has evidenced dishonesty or unfitness by conduct with respect to another business entity.

Public Law 2005, chapter 83 is an emergency measure effective May 10, 2005.

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PUBLIC 97 An Act To Amend the Laws Regarding Submission of Health Insurance Claims

LD 416

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS P	OTP-AM	S-85

Public Law 2005, chapter 97 requires that all health insurance claims for services of a health care practitioner provided in an office setting be submitted on the standard federal form known as the "CMS 1500" form used by noninstitutional providers to bill for Medicare Part B covered services. The law also clarifies that claims for services provided in nonoffice settings may be negotiated.

PUBLIC 98 An Act To Amend Group Insurance Funding Requirements

LD 346

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY J PERRY A	OTP-AM	S-83

Public Law 2005, chapter 98 provides that a self-insured group workers' compensation trust that has been in existence for 10 years may, upon approval of the superintendent, fund at the 65% or higher confidence level. The law also establishes criteria for the superintendent's review of a request by an individual or group self-insurer for a reduction in the required confidence level.

PUBLIC 101 An Act To Prohibit Steering in Automobile Insurance

LD 311

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP-AM	H-136

Public Law 2005, chapter 101 regulates the relationship between auto insurers and auto repair shops in the same manner as between auto insurers and auto glass shops by preventing auto insurers from directly or indirectly requiring insureds' auto repairs to be made in a specified place of business. The law prohibits an insurer from recommending the use of a particular repair service unless the insurer discloses that the claimant is under no obligation to use the recommended repair service.

Public Law 2005, chapter 101 also requires the Department of Professional and Financial Regulation, Bureau of Insurance to issue a bulletin regarding this provision by November 1, 2005 to insurance companies and insurance producers who place motor vehicle insurance.

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PUBLIC 114 An Act To Amend the Laws Related to Cancellation and Nonrenewal of Insurance

LD 541

<u>Sponsor(s)</u> MAYO FISCHER	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-105
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Public Law 2005, chapter 114 clarifies that a transfer of a policy from an insurer to an affiliate is considered a renewal of a policy not a cancellation or nonrenewal of that policy. The law also requires that an insured be given notice prior to renewal of any changes in terms that are less favorable to the insured under a policy that has been transferred to an affiliate.

PUBLIC 121 An Act To Amend the Laws Related to Health Insurance and Confidentiality of Property and Casualty Filings

LD 1499

<u>Sponsor(s)</u> SULLIVAN MAYO	<u>Committee Report</u> OTP	<u>Amendments Adopted</u>
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Public Law 2005, chapter 121 makes the following changes to the laws governing individual and group health insurance.

1. It gives employees of employers with fewer than 20 employees who have health coverage through a multiple employer welfare arrangement the same protection currently available to employees of employers with fewer than 20 employees who are covered by insurance carriers. This limited protection allows the employee to stay on the employer's health plan for up to a year only in the event of a workers' compensation claim or a temporary layoff.
2. It makes credit union groups subject to the requirements concerning guaranteed issue, rating and rate filing that currently apply to individual health insurance and certain association group health insurance.
3. It amends the law concerning filing of insurance forms, rates and rating rules to provide that forms and any supporting information become public on the date the filing is approved. Under current law, filings are confidential until the filing becomes effective.
4. It provides that when someone is covered under more than one health insurance policy, payments by the primary insurer must be counted toward the deductible by the secondary insurer.
5. It amends the law concerning the guaranteed loss ratio option for small group health insurers to change the minimum threshold for eligibility from 1,000 member months to 1,000 members. This change does not apply to carriers already using this option.
6. It amends the law that requires group health carriers to notify policyholders 60 days in advance of any rate increase to specify that the notice must state that the increase is subject to regulatory approval when that is the case.

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7. It amends the laws concerning guaranteed renewal of health insurance to comply with federal law with respect to coverage through associations.
8. It amends the continuity of coverage law to clarify that a waiting period is not counted as a break in coverage nor is it counted as a period of actual coverage except in limited circumstances, consistent with federal law.
9. It clarifies the laws concerning categories of mental health providers that must be covered to the same extent as physicians for services within the scope of their licenses.

**PUBLIC 122 An Act To Amend the Laws Governing the Rural Medical Access
Program**

LD 1472

Sponsor(s)
MARRACHE
MAYO

Committee Report
OTP

Amendments Adopted

Public Law 2005, chapter 122 clarifies that a physician, hospital or physician's employer that does not purchase insurance is considered self-insured for the purposes of the Rural Medical Access Program.

The law limits the responsibility to pay assessments to physicians licensed and practicing medicine in this State and removes the requirement that the Superintendent of Insurance certify that all physicians, hospitals and physician's employers have paid the assessment.

The law removes a provision that the assessment be distributed on a prorated basis. The maximum assessment as a percentage of premium, will be reduced to .75% from 1.25% effective July 1, 2006. The assessment rate will be adjusted automatically based upon the level of excess funds that have accumulated. The law also provides that the program fund balance may be used to pay assistance to qualified eligible physicians in prior years for which there were insufficient funds. If all prior years' eligible qualified physicians have received assistance, any excess funds must be carried forward to subsequent plan years as part of the program fund balance.

The law requires, rather than permits, an insurer to invest collected assessments.

Public Law 2005, chapter 122 also increases the maximum assistance level available to eligible qualified physicians to \$15,000 from \$10,000.

PUBLIC 125 An Act To Improve the Affordability of Health Insurance

LD 767

Sponsor(s)
GLYNN

Committee Report
OTP-AM

Amendments Adopted
H-211

Public Law 2005, chapter 125 requires that the Bureau of Insurance include a comparison of the rate of increase in the Consumer Price Index for medical services to the rate of increase in the Consumer Price Index for the previous year and current year in all reports evaluating the social and financial impact and medical efficacy of proposed mandated health benefit legislation submitted to the Legislature.

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PUBLIC 127 An Act To Conform the Insurance Information and Privacy Protection Act to Federal Privacy Rules

LD 966

Sponsor(s)
FISCHER
MAYO

Committee Report
OTP-AM

Amendments Adopted
H-210

Public Law 2005, chapter 127 amends the State's Insurance Information and Privacy Protection Act to permit certain regulated insurance entities to disclose private health information for the purposes of treatment, payment or health plan operations provided the disclosure complies with federal standards for privacy of individually identifiable health information pursuant to the federal Health Insurance Portability and Accountability Act of 1996, known as "HIPAA".

PUBLIC 128 An Act To Make Insurance Coverage Available for Medically Necessary Breast Reduction and Symptomatic Varicose Vein Surgery

LD 596

Sponsor(s)
PERRY A

Committee Report
OTP-AM

Amendments Adopted
H-212

Public Law 2005, chapter 128 requires health insurance carriers to make available coverage through a mandated offer for medically necessary breast reduction surgery and symptomatic varicose vein surgery in individual and group policies, contracts and certificates.

The law applies to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

PUBLIC 164 An Act To Register Nonbank Loan Officers

LD 1303

Sponsor(s)
GLYNN

Committee Report
OTP-AM

Amendments Adopted
H-311

Public Law 2005, chapter 164 requires the registration of loan officers employed by supervised lenders and credit services organizations. The law defines "loan officer" in a way that exempts clerical staff and loan processors and also exempts sole proprietors and employees of banks and credit unions.

The law requires that at the time a supervised lender applies for its license to make supervised loans the company request registration of its loan officers. In addition, those loan officer registrations would have to be updated during the licensing period.

The law authorizes the Department of Professional and Financial Regulation, Office of Consumer Credit Regulation to suspend or revoke the registration of a loan officer independently of any action against the license or registration of a supervised lender or credit services organization. In effect, this would permit the State to track a specific individual loan officer.

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PUBLIC 206 An Act To Amend the Maine Consumer Credit Code

LD 1416

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FARRINGTON WESTON	OTP-AM	H-310

Public Law 2005, chapter 206 makes several changes to the Maine Consumer Credit Code. The law requires that mortgage lenders, assignees and mortgage servicers use due care to ensure payment of taxes and insurance from consumer escrow accounts and respond promptly to requests for payoff amounts on existing loans. The law establishes a penalty for violating these requirements. The law also increases the ability of the State to regulate fraudulent advertising that contains misinformation reflecting negatively on this State and its legitimate lenders.

Public Law 2005, chapter 206 also extends Maine Consumer Credit Code registration requirements to purchasers, including assignees, or servicers of all types of consumer credit transactions, including sales, loans and leases, so that consumer complaints resulting from that servicing can be promptly addressed.

**PUBLIC 211 An Act To Require Additional Disclosure Regarding Private
Mortgage Insurance**

LD 1286

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON J SULLIVAN	OTP-AM	H-309

Public Law 2005, chapter 211 requires supervised lenders and credit services organizations to disclose to persons applying for a mortgage on residential real property if the company processing or underwriting the loan application also engages in the business of private mortgage insurance. The law also clarifies that the failure to provide the disclosure does not affect the validity or enforceability of the mortgage loan.

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PUBLIC 213 **An Act To Require That Mental Health Workers with Family
Therapist Licenses Be Recognized as Licensed Professionals for
Purposes of Insurance Reimbursement** **LD 28**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP	

Public Law 2005, chapter 213 requires that all individual and group health insurance policies reimburse for mental health services provided by marriage and family therapists licensed in this State. The law applies to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

PUBLIC 214 **An Act To Require That Licensed Pastoral Counselors Be
Recognized as Licensed Professionals for Purposes of Insurance
Reimbursement** **LD 27**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP	

Public Law 2005, chapter 214 requires that all individual and group health insurance policies reimburse for mental health services provided by pastoral counselors licensed in this State. The law applies to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

PUBLIC 346 **An Act To Amend the Maine Life and Health Insurance Guaranty
Association Act** **LD 933**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BEAUDETTE SULLIVAN	OTP-AM	H-621

Under current law, the Maine Life and Health Insurance Guaranty Association Act provides a mechanism to provide payment of benefits and continuation of coverage under an individual life or health insurance policy or annuity contract and under certificates of group coverage when an insurance company doing business in this State becomes financially impaired or insolvent. Public Law 2005, chapter 346 updates and revises the current law in conformance with the model act from the National Association of Insurance Commissioners.

Public Law 2005, chapter 346 does the following.

1. It clarifies that the Act provides protection to persons covered under both individual and group life and health policies and annuity contracts.
2. It establishes the conditions under which persons who are payees or beneficiaries under a structured settlement annuity are eligible for coverage.
3. It clarifies that nonresidents may be covered under the Act in certain circumstances.

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4. It adds certain exceptions, including policies and contracts issued to a self-insured or uninsured plan, policies and contracts issued by a member insurer at a time when that insurer was not licensed in this State and unallocated annuity contracts.
5. It establishes that the limits for coverage provided by the association may not exceed the lesser of the contractual obligations of the impaired or insolvent insurer under the policy or \$300,000 for life insurance death benefits, \$300,000 for disability, long-term care insurance or other limited benefit health insurance, \$500,000 for health insurance and \$100,000 in the present value of annuity benefits.
6. It allows meetings and records of the association to be open to the public upon majority vote of the association's board of directors.
7. It establishes the powers of the association to take action following an insolvency of a member insurer to either provide payment of benefits or continue coverage for persons covered under a policy or contract of the insolvent insurer. The law also provides the conditions under which substitute coverage through an alternative policy or reissued policy may be extended to covered persons.
8. It permits the association to request policy liens or moratoriums on payments from a court.
9. It gives the Superintendent of Insurance the powers and duties of the association in the event the association fails to take action with respect to an impaired or insolvent insurer in a timely manner.
10. It clarifies the standing of the association to appear before any court or agency in this State in an action relating to an impaired or insolvent insurer or matters germane to the powers and duties of the association.
11. It clarifies the subrogation rights of the association.
12. It permits the association to elect within one year of the date the association becomes responsible for obligations of a member insurer to succeed to the rights and obligations of that impaired or insolvent insurer through reinsurance agreements.
13. It establishes the authority of the association to make 2 classes of assessment: Class A assessments to support the administrative costs of the association and Class B assessments to carry out the powers and duties of the association with regard to a particular impairment or insolvency of a member insurer. The law also provides the method for determining the amount of any Class A or Class B assessment.
14. It requires the Superintendent of Insurance to notify other insurance commissioners and the association when the superintendent revokes or suspends the license or authority of a member insurer or makes a formal order relating to that member insurer. The law also requires the superintendent to report to the association if an examination of a member insurer results in reasonable cause to believe that a member insurer may be impaired or insolvent.
15. It requires the association, upon a majority vote of the board of directors, to notify the superintendent of any information indicating a member insurer may be impaired or insolvent and to make reports and recommendations to the superintendent upon any matters germane to the solvency of a member insurer.
16. It repeals the requirement that the association make annual reports to the Legislature and removes the requirement that the association notify the Legislature when the association has voted to levy an assessment because of a shortfall in the amount of money needed by the association to meet its payment obligations.

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17. It prohibits insurers, insurance agents and other persons from using the existence of the guaranty association in the advertising, sale or solicitation of insurance covered under the chapter.
18. It permits a member insurer to offset against its premium tax liability any Class B assessments paid by the member insurer because of an insolvency. The provision allows a member insurer to offset 20% of the assessment in each of the 5 years following the assessment. The law requires that any refunded assessments that have been offset must be recaptured as required by the State Tax Assessor and also requires the association to notify the Superintendent of Insurance and the State Tax Assessor regarding the issuance of refunds. The premium offset provision applies to assessments paid to the association by a member insurer on or after January 1, 2005.
19. The law makes clear the changes to current law do not apply to any insurer that is insolvent or unable to meet its contractual obligations at the time the changes become effective.

PUBLIC 379 An Act To Protect Maine Citizens from Identity Theft

LD 1671

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PELLETIER-SIMPSON HOBBINS	OTP-AM	H-654

Public Law 2005, chapter 379 establishes notification requirements for information brokers, defined as persons or entities engaged in the business of collecting personal information for the purpose of providing such information to 3rd parties, in the event of a security breach, which is defined as unauthorized acquisition of computerized data that compromises the security, confidentiality or integrity of personal information. It requires information brokers to provide notice to residents of the State whose personal information has been affected by a security breach, to state regulatory agencies and, in the event that at least 1,000 persons are affected, to consumer reporting agencies. The law provides for enforcement and penalties for violations of the notification requirements. The effective date for the security breach notification requirements is January 31, 2006.

Public Law 2005, chapter 379 requires the Department of Professional and Financial Regulation to conduct a study with interested persons to examine additional issues related to data security and security breach requirements and to report to the Joint Standing Committee on Insurance and Financial Services. It also requires the Chief Information Officer to report to the committee regarding the State's policies to protect the privacy and security of personal information maintained by State Government.

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PUBLIC 400 An Act To Modify Savings Offset Payments and To Clarify Certain Other Provisions of the Dirigo Health Act

LD 1577

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM MAJ OTP-AM MIN	H-687 PERRY A S-359

Public Law 2005, chapter 400 amends the law governing savings offset payments and certain other provisions of the Dirigo Health Act as follows.

1. It changes the term "Dirigo Health Insurance" to "Dirigo Health Program" which is defined as a program of services that includes health benefits coverage.
2. It requires Dirigo Health to report twice annually to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters regarding the Dirigo Health Program and its budget and requires the Board of Directors of Dirigo Health to provide minutes of its meetings to all members of the joint standing committees of the legislature having jurisdiction over insurance and financial services matters, health and human services matters and appropriations and financial affairs.
3. It amends the Dirigo Health Act to ensure consistency with federal requirements related to pooling of funds for providing a state match for federal Medicaid dollars.
4. It changes the process for the determination of aggregate measurable cost savings in the health care system by adding a provision to require the Board of Directors of Dirigo Health, after making its determination of cost savings, to file that determination and supporting information with the Superintendent of Insurance. The superintendent is then required to hold a public hearing and issue an order approving or disapproving the filing.
5. It specifies that the calculation of the savings offset payment amount is limited to the amount of funds necessary to provide subsidies and to support the Maine Quality Forum and may not include general administrative expenses of Dirigo Health.
6. It changes the base for computing savings offset payments from premiums to paid claims for health insurance carriers and employee benefit excess insurance carriers and establishes paid claims as the assessment base for savings offset payments required from 3rd-party administrators.
7. It delays start of savings offset payments from July 1, 2005 to January 1, 2006. It provides an exception to the quarterly savings offset payment requirement for the first 3 months of 2006, during which time monthly savings offset payments, due not less than 60 days after the close of the month, are required for plan years starting during those months. It also provides an exception to allow 3rd-party administrators for groups of 500 or fewer members to make savings offset payments annually.
8. It provides an exception for calendar year 2006 to allow health insurers to give policy holders 30 days' notice of rate increases instead of the 60 days' or 90 days' notice required under current law.
9. It requires Dirigo Health to reconcile annual savings offset payments and to apply any unused amounts to reduce the next savings offset payment charged to health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers according to a formula developed by the board.

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10. It requires that the definition of paid claims for the purpose of savings offset payments be determined through major substantive rules, except for the first year in which the rules are routine technical.
11. It establishes a 10-member working group, convened by the Superintendent of Insurance, to advise the Board of Directors of Dirigo Health on issues relating to savings offset payments, including the definition of "subsidy," the definition of "paid claims," the process for implementing and invoicing paid claims, the board's proposed methodology for calculating aggregate measurable cost savings and a funding strategy for Dirigo Health's administrative expenses. The working group is required to provide monthly reports to the Joint Standing Committee on Insurance and Financial Services.
12. It specifies that Dirigo Health may use the \$53,000,000 in start-up funds it received pursuant to Public Law 2003, chapter 469 to cover administrative expenses and prohibits Dirigo Health from using savings offset payments to cover such expenses. It requires the Board of Directors of Dirigo Health, with input from the working group, to make recommendations to the Joint Standing Committee on Insurance and Financial Services regarding how to finance Dirigo Health's administrative expenses and authorizes the committee to report out a bill after reviewing the board's recommendation.

**RESOLVE 9 Resolve, Directing the Department of Health and Human Services
To Report on Certain MaineCare Practices**

LD 229

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO GLYNN	OTP-AM	S-64

Resolve 2005, chapter 9 directs the Department of Health and Human Services to provide a report to the Joint Standing Committees on Insurance and Financial Services and Health and Human Services regarding the Private Health Insurance Premium Program, a program authorized under federal law that permits the State's MaineCare program to purchase private insurance coverage for persons enrolled in MaineCare. The resolve requires that the report include information on the purchase of insurance for persons enrolled in the MaineCare program, the costs and savings to the MaineCare program and the premium revenues and expenses for claims of the health insurance carriers providing coverage. The resolve directs health insurance carriers providing coverage under the Private Health Insurance Premium Program to cooperate with the department.

**RESOLVE 47 Resolve, To Study the Feasibility of Establishing an Insurance
Fraud Unit within the Bureau of Insurance**

LD 1561

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A	OTP-AM	H-395

Resolve 2005, chapter 47 requires the Superintendent of Insurance to conduct a feasibility study regarding the establishment of an insurance fraud unit within the Bureau of Insurance to address fraudulent conduct of consumers, insurance producers and insurers. The resolve requires the superintendent to submit a report on the feasibility study, and any proposed legislation, to the Joint Standing Committee on Insurance and Financial Services by December 5, 2005 and authorizes the committee to report out a bill following its review of the report.

Insurance and Financial Services

RESOLVE 51 **Resolve, Regarding Legislative Review of Portions of Chapter 750:** **LD 1593**
EMERGENCY **Standardized Health Plans, a Major Substantive Rule of the**
 Department of Professional and Financial Regulation, Bureau of
 Insurance

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP	

Resolve 2005, chapter 51 authorizes final adoption of portions of Chapter 750: Standardized Health Plans, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

Resolve 2005, chapter 51 was passed as an emergency measure effective May 25, 2005.

RESOLVE 100 **Resolve, Regarding Uninsured Motorist Coverage in Automobile** **LD 122**
 Insurance Policies

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FISCHER MAYO	OTP-AM	H-512

Resolve 2005, chapter 100 requires the Department of Professional and Financial Regulation, Bureau of Insurance, in consultation with interested persons, to study legal and policy issues regarding uninsured vehicle coverage under motor vehicle insurance policies in response to a recent Law Court decision in Butterfield v. Norfolk and Dedham Mutual Fire Insurance Company, 2004 ME 124, Maine Supreme Judicial Court, September 30, 2004. The resolve requires the bureau to submit a report on the study, including any recommended legislation, to the Joint Standing Committee on Insurance and Financial Services no later than December 5, 2005 and authorizes the committee to report out a bill following its review of the report.

RESOLVE 119 **Resolve, To Reestablish the Health Care System and Health** **LD 32**
 Security Board

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ	H-513
	OTP-AM MIN	S-380 GAGNON
		S-405 MAYO

Resolve 2005, chapter 119 reestablishes the Health Care System and Health Security Board so that the Board may finalize recommendations regarding the feasibility of a single-payor health plan. The resolve requires the Board to submit its report by December 7, 2005.